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Taking The Heat

Spanish
Broadcasting
System

refinancing
coming
through?

Raul Alarcon, Jr.
and Sr. of SES



Special Issue
Market gets jittery
as sales growth
slows

Hispanic BUSINESS[®]

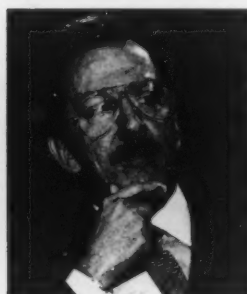
The magazine for growth companies and ladder-oriented professionals
December 1990

Volume 12, Number 12



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BPA MEMBERSHIP
APPLIED FOR 1/90.

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Photo by Raul Rubiera.
This month's cover
design by Buffalo
Brothers Studios West.



Since the mid-80s, novel and dynamic market conditions have been bringing about fundamental changes in the Hispanic media.

Before 1986 U.S. Hispanic media ad revenues—then as now dominated by Spanish-language television—had been growing at the impressive clip of 20-plus percent for many years. During that era, the Spanish International Network (SIN) and the Spanish International Communications Corporation (SICC) were the major Spanish media players in this country. Their consistent rate of growth corresponded to a framework of economic parameters established over several decades between Televisa in Mexico City, principal owner of SIN and SICC, and SIN Chairman and CEO Rene Anselmo's management team in the United States.

Then in the mid-80s the SIN communications empire virtually collapsed due to a combination of external and internal pressures. Out of the turmoil that followed, a number of new corporate and financial players emerged in Spanish TV, each with its own agenda. Because of the start-up nature of these new enterprises, the revenue projections needed to satisfy new financial realities became the new marketing goals.

These projections had more to do with the capital requirements of the new enterprises, and less to do with the actual realities of selling media time and space. And these aberrations continue to dog the Spanish TV network heads as they calculate their financial progress ensconced in the corner suites of New York sky scrapers.

Meanwhile out in the colonies, down

at the station level, the perspective is somewhat different. In the leading Hispanic media markets, station managers work daily with the realities of local advertising sales. For them the picture is not complicated by the extraneous pressures of debt, and many of them see very healthy growth. In Los Angeles, for example, while Spanish TV is not booming this year it is still growing by a hefty 10 to 20 percent, depending on whom you talk to.

KVEA, the Telemundo station, has established itself as a main player in a market where 10 percent of all household viewing is of Spanish-language TV. Even the new kid on the block, Galavision's KWHY Channel 22, has quickly picked up audience share. And Univision's station KMEX continues to lead in a market where local advertising is likely to keep expanding with the Hispanic population.

So like Humpty-Dumpty, the power of the Hispanic market's driving medium has been scattered and is likely to remain so in the years ahead, as new centers of influence continue to emerge and challenge each other. We think you'll enjoy reading Steve Bergsman's story this month about the current state of that intriguing competition.

But there's a more controversial story abrewing—one about how well the networks serve their Hispanic consumers—and one this magazine will report on closely and often during 1991. Do the new network owners reflect the makeup and interests of the Hispanic community, which is heavily Mexican-American, in their programming, hiring, promotion patterns, use of minority-owned small firms, and contributions to nonprofit organizations?

These questions arise from the observation that the Hispanic media are passing into mainstream hands, as outlined in Rick Mendosa's story, "Media Consumers But Not Owners."

As for the answers, we'll be letting you know.

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Radio Revenues Rock and Roll

Spanish radio powers up in the top three Hispanic markets.

By Rick Mendosa

Our research shows that America's 233 full time Spanish-language radio broadcasters—177 AM and 56 FM stations—boosted their advertising revenues by not quite 6 percent in 1990. Assuming inflation of about 7 percent this year as reported in September by the Bureau of Labor Statistics, this means the market was as flat as Kansas.

But, based on a closer look at the 10 top-earning stations in that crowd, performance was actually mixed. At least one key station demonstrated significant growth in each of the major Hispanic radio markets—Los Angeles, Miami, and New York.

Actually our listing of this year's top 10 billing radio stations includes eight "combos," which consist of AM and FM stations under the same ownership. We consider combos as single stations in assessing ad spending, because most advertising is bought in AM/FM combinations.

The number one station this year—a combo—continues to be KLVE-FM/KTNQ-AM in Los Angeles, which is owned by Cecil Heftel's Heftel Broadcasting of California Inc. KLVE has ranked first in each of the three years we have tracked radio spending. In 1988 we estimated that KLVE/KTNQ billed \$13.5 million. This year its sales should reach an estimated \$19.1 million, reflecting average annual growth of almost 20 percent. And that applies equally to both the AM and FM parts of the combo, which enjoy nearly identical revenues according to General Manager Jeff Liberman.

At least part of the reason for that jump in sales, says one senior industry observer, is that Mr. Heftel drastically cut the combo's advertising time back in 1985, from the 40 minutes an hour that was then typical of Spanish stations to about 15 min-

utes. Although he also doubled ad rates to compensate for lost revenues, the soaring ratings that resulted drew in more ad dollars than ever (after a tough first year). And other stations in the top three markets soon followed suit.

KLVE/KTNQ's most serious competition in Los Angeles comes from number three on this year's top 10—AM station KWKW. "We're bucking heads right now," says Mr. Liberman. With billings of about \$10.5 million this year, KWKW recently became America's largest single (non-combo) Spanish station. Although it is one of the oldest Spanish stations in Southern California, KWKW gradually lost its audience during the '70s and '80s as L.A.'s

SPANISH RADIO'S TOP 10 BILLING STATIONS 1990

	Stations	Owner	Billings (\$M)	
			1989	1990
1	KLVE-FM/KTNQ-AM Los Angeles	Heftel Broadcasting	\$17.5	\$19.1
2	WSKQ-AM & FM New York	Spanish Broad- casting System	9.0	13.0
3	KWKW-AM Los Angeles	Lotus Communications	8.1	10.5
4	WCMQ-AM & FM Miami	Spanish Broad- casting System	11.5	10.2
5	WQBA-AM & FM Miami	Spanish Radio Network*	10.0	10.0
6	WIND-AM/WOJO-FM Chicago	Tichenor	10.0	9.0
7	WADO-AM New York	Spanish Radio Network*	6.0	6.7
8	WAQI-AM/WXDJ-FM Miami	Viva America	5.0	6.5
9	KSKQ-AM & FM Los Angeles	Spanish Broad- casting System	5.5	5.5
10	KBRG-FM/KLOK-AM San Francisco	Radio America/ Bahia Radio	N/A	4.0

*Owned by Tichenor Media Systems and Radio WADO Inc.

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Hispanics moved out of the barrio where its low-power signal was focused.

"Before 1989 KWKW was always number three in the market," says local radio marketing consultant Allen Klein, president of Media Research Graphics Inc. But in January 1989, KWKW bought the facilities of L.A.'s high-power station KFAC-AM, and "with the signal change they became a monster," says Mr. Klein. It took listeners and advertisers some time to catch up with KWKW's greater reach, but then billings took off, jumping 30 percent—from \$8.1 million to \$10.5 million in 1990. That growth is "really significant," says Jim Kalmenson, the station's general sales manager, since it ranks KWKW as the fastest growing single Spanish station.

Mr. Kalmenson's father, Howard Kalmenson, is president of Lotus Communications Corp., KWKW's owner. Lotus Communications also owns Lotus Hispanic Reps, which serves as KWKW's rep firm (reps are the "middlemen" through which many advertisers buy their radio time). So far virtually all national Spanish radio ad spending (about 26 percent of total station revenues) is placed through just four specialized reps. The remaining 74 percent of the radio ad revenue comes from local sponsors.

CBS Radio Representatives is the newest of the "big five" reps, with 2 percent of the national market. Caballero Spanish Media, which is the largest with an estimated 42 percent of the market, represents KWKW's L.A. competitor, stations KLVE/KTNQ. The other rep firms are Katz Hispanic Radio, 28 percent, the Spanish Broadcasting System, 16 percent, and Lotus Hispanic Reps, 12 percent.

In a move to solidify its dominant position, Caballero Spanish Media recently expanded its marketing and research capability by joining with McGavren Guild Radio, a general market rep firm, to form Caballero/MG Spanish Media in New York. This new venture, says Caballero Spanish Media President Eduardo Caballero, was created through the exchange of a small amount of stock. In the general market McGavren Guild ranks a close second to Katz Radio, the parent of Katz Hispanic Radio, Mr. Caballero says.

The news in Miami is the new WAQI/WXDJ combo—number eight on the top 10—a joint venture between Hefel Broadcasting (49 percent ownership) and the Mambisa Broadcasting Corp. (51 percent ownership, split among Amancio J. Suarez,

his father, Amancio V. Suarez, and cousin Charles Fernandez). This partnership—the Viva America company—was formed in August 1989, and bought FM station WXDJ this February to create a combo with Mambisa's recently upgraded AM station WAQI. Repped by Caballero, Viva America "stormed the market," says Media Research Graphics' Mr. Klein.

First they launched a \$1 million contest that created a big boost in their audience and then in their ad billings. And they raided the competition in Miami to capture four new on-the-air personalities.



Amancio J. Suarez, Viva America's executive vice president, says, "Watch out for us next year!"

Overall, "We definitely have invested some very heavy dollars in what we feel is a growing market," says Viva America's Executive Vice President Amancio J. Suarez. As a result, this up-and-coming station has increased its revenues by 30 percent in 1990, while competing Miami combos WCMQ and WQBA have seen flat to declining performance. "And watch out for us next year!" warns Mr. Suarez.

The big news in New York this year centers on a recently formed combo—WSKQ (number two in the top 10). As discussed in another story in this issue, the Spanish Broadcasting System (SBS) paid \$55 million two years ago to buy its high-

power FM station. This year, the WSKQ combo increased ad revenues by an impressive 44 percent, from \$9 million to \$13 million. This increase made it the fastest growing among the top 10 and moved it up in the ranking from fifth place last year. All SBS stations use the firm's inhouse rep firm, including its WCMQ combo in Miami (number four) and its KSKQ combo in Los Angeles (number nine).

In Chicago, Tichenor Media System's WIND-AM/WOJO-FM combo (number six) dominates the nation's fifth largest Hispanic radio market. But WIND/WOJO's billings dropped by 10 percent this year, from \$10 million to \$9 million. Tichenor, which with 12 stations is America's biggest Spanish radio network by far, finds its overall billings "up a little bit" in 1990, according to President McHenry Tichenor, Jr., "but it isn't the 8 to 10 percent increase we've gotten used to."

The other Tichenor stations on this year's top 10 (the new WQBA combo in Miami and WADO-AM in New York, which the company owns jointly with partner Radio WADO, Inc. as part of their "Spanish Radio Network") didn't contribute much to Tichenor's growth this year either. With sales stagnant at \$10 million, WQBA—featured on our cover last December as the "Radio Deal of the Year"—has moved down a couple of notches in the ranking, from third place to fifth. Meanwhile, New York's WADO just managed to hold its seventh place ranking with growth of 12 percent. All of Tichenor's radio stations are repped by Katz.

What does all of this mixed performance actually add up to? Seemingly there is still opportunity out there; but it doesn't come easy.

And as for next year...not to worry, says Mr. Klein with a consultant's authority. Spanish-language stations are "probably the best recession-proof radio stations in the country," he assures us. "You have advertisers out there who have never touched Spanish-language markets. But if business gets bad, you go after a market you know exists but has never gone through your doors." □

Spending Power at \$146 Billion

Hispanic disposable income is still growing strong.

By Joseph Wells

The U.S. Bureau of the Census says Hispanic purchasing power (dollar income after taxes) grew about 8.1 percent last year, to \$135 billion. Assuming continuation of growth at the same rate, Hispanics had \$146 billion to spend this year and will have \$158 billion in 1991.

But if you define a Hispanic household the way many advertisers do, those numbers should be quite a bit higher. For statistical purposes, the only households the Census Bureau deems Hispanic are those where the "householder"—the person considered the head of the household—is Hispanic. Advertisers tend to think families where only the householder's spouse is Hispanic should be counted as Hispanic as well. That category included about

700,000 American families last year.

So by the advertisers' definition, the number of families counted as Hispanic in 1989 would increase from 5.9 million to 6.6 million, and Hispanic purchasing power could be as high as \$161 billion for 1989. Then, assuming growth has continued at last year's rate of 8 percent, Hispanic purchasing power could be as much as \$174 billion this year and \$188 billion next year. And even if the growth rate continues to curve down as it did in the past two years, Hispanic disposable income would be higher than the Census Bureau's estimates.

If we look back a few years, the Census Bureau's numbers indicate that Hispanic dollar income grew by 64 percent between

1982 and 1988. That's by comparison with 38 percent growth for African-Americans and 25 percent for the mainstream population. A look at other available data indicates this disproportionate growth in Hispanic spendable income is due more to increases in the number of Hispanic households than to growth in average household income.

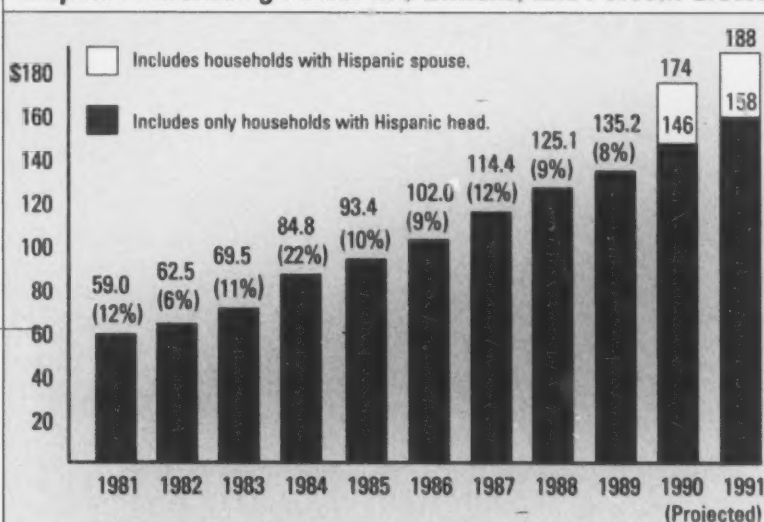
During the six years between 1982 and 1988, the total number of Hispanic households increased a staggering 45 percent, while African-American households increased 18 percent and mainstream households only 9 percent. Meanwhile, adjusting for inflation, average income among Hispanics increased "only" 13 percent, or just about at the rate of mainstream income growth (14 percent) and African-American growth (16 percent).

And there are several other reasons the Census Bureau's figures probably understate Hispanic spending power. These include a probable undercount of Hispanic families, exclusion of government payments and subsidies to Hispanics, underreporting of income by those surveyed, and unreported cash income from the "informal sector." On the other hand money sent "back home" could significantly reduce spendable income, since about half of the increase in America's Hispanic population is due to immigration.

Of special interest to America's advertisers is the increase in Hispanic affluents. Using the advertisers' definition of a Hispanic household, 638,000 households—11 percent of all Hispanic families—earned \$50,000 or more in 1988. This market segment had grown 98 percent in the six years since 1982 and in 1988 accounted for \$49 billion before taxes. Another segment, households with incomes of \$75,000 or more, grew 180 percent during the same period. They represented 3.6 percent of all Hispanic families in 1988 and wielded economic power of \$21 billion before taxes.

Overall, the economic growth of the Hispanic sector has slowed slightly in the past 3 years, and as we all know inflation is heating up again. This might mean the Hispanic market is "plateauing," in the words of Jorge del Pinal, the Census Bureau's chief of ethnic and Hispanic statistics. Only time will tell. But it is still one of the overall market's few growth segments, and its faster growing affluent subsegment seems destined to become a good bet for advertisers. (I)

Hispanic Purchasing Power in \$ Billions, and Percent Growth



Sources: Data through 1989 based on U.S. Census Bureau reports, series P-20 and P-60. Projections for 1990 and 1991 by HISPANIC BUSINESS and assume continued 8 percent growth. © Hispanic Business Inc. Reprinting or copying all or part of this information requires written permission.



The Hispanic Market's Leading Indicators

By Joseph Wells

"The Hispanic market is flat as hell..."
Source: Several experts who do not wish to be identified.

During the good times, everybody wants to be quoted. But watch them run when times turn tough. These are tough times that we're living through, with the uncertainty of the Persian Gulf creating inflationary and recessionary

pressures this fall, and federal budgetary woes pressing in on our already sputtering American economy.

A good example of this recent reluctance to be quoted is the written refusal of the two leading Spanish television networks—Telemundo and Univision Holdings—to provide their projections of 1990 ad revenues. Spokespersons for both networks stated that audited results would

1990 Hispanic Market Advertising Expenditures

Medium	Expenditures (\$M)
National TV	\$142.8
National Radio	55.1
Local TV	131.1
Local Radio	156.0
Independent TV	*
Print	58.9
Outdoor	17.0
Promotion	63.1
Transit	4.2
Total	\$628.2

* Galavision's move to network status temporarily eliminated this category.

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be available in early 1991. Fortunately our ad spending projections are if anything more accurate this year because we have gathered and cross checked information from multiple sources—both network insiders and industry experts.

Fact is, the economy has been slowing down since President Bush took office, after seven years of uninterrupted growth. And, while advertising expenditures continue to increase in the Hispanic market, our annual economic updates show that the hypergrowth of the mid-'80s has been diminishing for the past three years.

There are, however, some important positives to report. Procter & Gamble, the leader in Hispanic advertising since 1986, actually widened its margin over number two Philip Morris. P&G's ad spending climbed from \$29.3 million last year to an estimated \$29.8 million for 1990, while Philip Morris increased its spending from \$8.6 million to \$8.7 million.

Sears, Roebuck & Company racked up an even bigger increase in its Hispanic expenditures, going from \$4.6 million to \$8.2 million—a jump of 78 percent. By boosting its spending in TV and radio as well as in the print media, Sears moved up from 10th to 4th place in the market.

As an industry, car manufacturers made the most impressive showing this year. Still leading is Ford with \$5.2 million, up from \$5.0 million in 1989. General Motors remains the second largest car maker in Hispanic advertising with \$3.2 million, which represents a 14 percent increase over its spending of \$2.8 million in 1989. Next comes Toyota, also with \$3.2 mil-

The 50 Leading Hispanic Market Advertisers—1990

Rank	Company	Media Expenditures (\$M)	Rank	Company	Media Expenditures (\$M)
1	Procter & Gamble Co.	29.8	26	American Honda Motor Co. Inc.	2.0
2	Philip Morris Cos. Inc.	8.7	27	Chrysler Corp.	2.0
3	Anheuser-Busch Inc.	8.6	28	J.C. Penney Co.	2.0
4	Sears, Roebuck & Co.	8.2	29	Mars Inc.	2.0
5	Colgate-Palmolive Co.	7.6	30	General Mills	1.9
6	McDonald's Corp.	7.3	31	H.J. Heinz Co.	1.9
7	Coca-Cola Co.	6.6	32	American Airlines Inc.	1.8
8	Ford Motor Co.	5.2	33	Payless Shoesource	1.8
9	Adolph Coors Co.	5.1	34	Miles Laboratories Inc.	1.7
10	Burger King Corp.	4.8	35	Hershey Food Corp.	1.5
11	Johnson & Johnson	4.7	36	Nestle Food Corp.	1.5
12	AT&T	4.1	37	S.C. Johnson & Son Inc.	1.4
13	Pepsico Inc.	4.0	38	Clorox	1.3
14	Quaker Oats Co.	3.5	39	Foodmakers (Jack in the Box)	1.3
15	Warner-Lambert Co.	3.5	40	Mazda Motors of America Inc.	1.2
16	Goya Foods Inc.	3.3	41	Pacific Bell	1.2
17	General Motors Corp.	3.2	42	Amtrak	1.1
18	Toyota Motor Sales USA Inc.	3.2	43	Beatrice Co.	1.1
19	CPC International	3.1	44	Kimberly Clark Corp.	1.1
20	American Home Products	3.0	45	Nissan Motor Corp.	1.1
21	Ralston Purina Co.	2.6	46	Toys R Us Inc.	1.1
22	U.S. Army	2.4	47	U.S. Post Office	1.1
23	Eastman Kodak Co.	2.3	48	Helene Curtis	1.0
24	Kinney Shoe Corp.	2.2	49	K Mart Corp.	1.0
25	Lever Bros. Co.	2.2	50	Polaroid Corp.	1.0

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lion, which is 23 percent higher than its investment of \$2.6 million in 1989. Chrysler, with ad expenditures of \$2.0 million, is up a whopping 82 percent from \$1.1 million in 1989. Finally, three more Japanese auto makers joined the \$1 million-plus group of advertisers this year. Honda, at \$2 million, jumped all the way to 26th place in its first year on the list. Mazda spent \$1.2 million and Nissan \$1.1 million.

We can also report a marked increase in ad dollars from the entertainment industry. Although neither Universal Pictures nor Warner Brothers reached \$1 million this year, which happened to be the cutoff for the top 50 advertisers, both companies have expanded their Hispanic market spending considerably.

A leading indicator we developed last year is broadcast media effectiveness. This analysis identifies the country's top Areas of Dominant Influence (ADIs) in terms of

The Leading Hispanic ADIs—1990 (Ranked by total media expenditures)

Rank	Market	Expenditures in \$M by Medium			
		TV	Radio	Print	Total
1	Los Angeles	\$88.5	\$34.6	\$16.4	\$139.5
2	Miami	44.3	31.0	16.7	92.0
3	New York	49.9	24.2	15.4	89.5
4	Chicago	16.1	13.3	1.1	30.5
5	San Fran/San Jose	15.6	10.0	0.6	26.2
6	San Antonio	9.2	10.0	0.5	19.7
7	Houston	9.2	9.7	0.5	19.4
8	San Diego	5.9	6.0	0.3	12.2
9	Phoenix	5.0	5.3	0.3	10.6
10	El Paso	2.9	6.3	0.2	9.4
Totals		\$246.6	\$150.4	\$52.0	\$449.9

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Comparative Market Demographics—1989

Household money income

Aggregate total:

Median Income:

Mean Income:

Hispanic

\$166 billion

\$21,921

\$27,992

African-American

\$252 billion

\$18,083

\$23,995

Mainstream

\$3,049 billion

\$30,406

\$38,041

The aggregate before tax total income for Hispanics rose from \$160 billion in 1988 to \$166 billion in 1989. In addition, the number of Hispanic households increased slightly, from 5.91 million to 5.93 million.

	Hispanic	African-American	Mainstream		Hispanic	African-American	Mainstream
By Residence				By Size of Household			
Metropolitan Areas	92%	84%	76%	1 person	14%	25%	25%
(Central City)	(54%)	(58%)	(28%)	2 persons	22%	26%	33%
(Suburbs)	(38%)	(26%)	(48%)	3 persons	19%	19%	17%
Nonmetro Areas	8%	16%	24%	4 persons	20%	15%	16%
				5 persons	13%	8%	6%
By Region				6 persons	6%	4%	2%
Northeast	17%	18%	21%	7 or more	6%	3%	1%
Midwest	7%	20%	25%				
South	33%	54%	33%	By Number of Earners			
West	43%	8%	21%	1 earner	35%	39%	32%
				2 earners	34%	28%	36%
By Household				3 earners	10%	7%	8%
Married-couple families	70%	50%	83%	4 or more	6%	2%	3%
(Working wife)	(36%)	(32%)	(47%)	No earners*	15%	24%	21%
(Non-working wife)	(34%)	(18%)	(36%)				
Single & one-parent families	30%	50%	17%				
(Male no wife)	(7%)	(6%)	(4%)	By Age of Householder			
(Female no husband)	(23%)	(44%)	(13%)	15-24	9%	7%	5%
				25-34	29%	25%	21%
By Tenure				35-44	24%	23%	22%
Owner/Householder	41%	42%	67%	45-54	16%	15%	15%
Renter/Householder	57%	56%	30%	55-64	11%	13%	14%
Subsidy/Householder	2%	2%	3%	65 and older	11%	17%	23%

Source: Census Bureau report Series P-80, No. 163.

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Spanish radio and TV coverage. According to the Arbitron Co., a leading market research firm, the country includes 205 ADIs, or major media markets.

The resulting effectiveness quotients represent the hours of programming offered in the area, divided by the Hispanic population. A comparison with last year shows that these quotients have increased in all the top markets but Miami, San Francisco, and Los Angeles, where population growth has slightly outstripped the increase in broadcasting hours.

Notably, the four border towns listed—those covered by both U.S. and Mexican media—are the most saturated markets. El Paso tops the chart with seven U.S. radio stations, a phenomenal 18 Mexican radio stations, and two TV stations, one American and one Mexican. Border town audiences in Mexico are not calculated here.

The media revenue figures reported here are based largely on net advertising dollars—gross spending minus the standard ad agency commission. All in all, these figures show a slower, but still healthy and dynamic market. (I)

Media Effectiveness—1990

ADI	Hispanic Population (in 000s)	(% of ADI)	Media Coverage (Hrs/Week)	Effectiveness Quotient**
El Paso*	508	68%	3265	6.33
San Diego*	463	19%	2219	4.79
Albuquerque	556	39%	1571	2.83
McAllen-Brownsville*	617	87%	1696	2.75
San Antonio*	890	52%	2018	2.27
Phoenix	422	16%	948	2.25
Houston	743	19%	1518	2.04
Miami	925	28%	1618	1.75
Chicago	885	10%	1120	1.27
San Fran/San Jose	883	15%	874	.99
Los Angeles	4,388	31%	2762	.63
New York	2,655	14%	1287	.48

*Includes stations in Mexico.

**Programming divided by population.

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Ad Sales: Stuck In Single Digits

Corporate ad spending is barely keeping pace with inflation.

By Joseph Wells

HISPANIC BUSINESS magazine has been tracking an ad spending slowdown in the Hispanic market for three years now. After its impressive growth of 23 percent in 1987, this market hit a snag in 1988. Our headline that year read, "Corporate Ad Spending Takes a Dive." Then in December 1989 we reported a drop to single-digit growth in the Hispanic segment, despite predictions of

robust increases made by *Newsweek, Inc.* magazine, and others. And now we must report what appears to be a trend.

But how can we say corporate spending in the Hispanic market is slowing when the figures on the chart show *faster* growth this year—at an estimated rate of 8 percent, versus 6 percent last year?

Because other factors come into play. In 1989 the cost of living went up 4.8 per-

cent according to the Bureau of Labor Statistics, while ad spending growth stayed just ahead of inflation, at 6 percent. As of September 1990, however, inflation was running at 7.1 percent, about neck and neck with ad spending, and by the end of the year it may be even higher.

One important change in our data gathering methodology this year is that the two leading television networks—Telemundo and Univision Holdings—formally declined to give us projections of their current year's revenue growth. Further, they said they prefer to release only audited statements of their actual 1990 performance later, in 1991.

We did, however, get 1990 ad revenue projections for both Telemundo and Univision from industry insiders and experts who track network ad spending closely, and we believe this data has in fact enhanced the accuracy of our figures. Nevertheless, these are only estimates, and we adjust them each year as necessary when the final audited results are in.

Another important point is that the data as we receive them are for gross revenues, as reported for Spanish television elsewhere in this issue (see the article entitled "More Mouths to Feed!"). But the estimates for all the media ad spending given in the accompanying chart are net revenues. That is, we have adjusted the gross figures to exclude the standard percentage of advertisers' dollars that goes to advertising agencies and rep firms as a commission for placing the ads. Net revenues, provided here, are what the various media would report as taxable revenue.

Our chart this year also reflects an adjustment in last year's report of net television ad spending. Last year, due to a confusion in terminology, we were mistakenly given net figures identified as gross revenues by one of the TV networks. When we adjusted these figures, the resulting number made it seem that TV ad spending had declined in 1989, when in fact it had increased. This inaccuracy in the 1989 figures, and in an update provided last February, here stands corrected.

Because our research has established **HISPANIC BUSINESS** magazine's annual December media report as the benchmark for tracking the Hispanic market, we will continue to refine our methods of gathering and testing this vital information. As this year closes we find the market flat, and as the market moves into 1991 we'll be tracking all the vital signs. □

Share of Advertising Expenditures in the Hispanic Market—by Medium

This table represents the market share of each medium by year as a percentage of the total advertising expenditures directed toward the U.S. Hispanic market. The media are placed into five groups. Figures for 1990 are estimated.

Percent of Total Expenditures

MEDIUM	1985	1986	1987	1988	1989	1990
National TV	16.5	16.1	21.2	22.4	20.5	22.7
National Radio	12.6	11.8	9.9	8.2	8.8	8.8
Group Total	29.1	27.9	31.1	30.6	29.3	31.5
Local TV	19.4	19.6	24.1	23.2	20.6	20.9
Local Radio	22.8	20.9	23.2	23.8	25.6	24.8
Group Total	42.2	40.5	47.3	47.0	46.2	45.7
Independent TV Group	6.1	10.6	*	0.2	0.4	**
Print Group	9.9	8.3	9.6	9.0	9.8	9.4
Outdoor	2.7	3.0	2.9	3.0	3.0	2.7
Promotion	9.0	8.8	8.0	9.3	10.5	10.0
Transit	0.9	0.9	0.9	0.8	0.8	0.7
Group Total	12.6	12.7	11.8	13.1	14.3	13.4
Grand Total (%)	100.0	100.0	100.0	100.0	100.0	100.0
Grand Total (\$M)	\$333.5	\$398.0	\$490.7	\$550.1	\$583.6	\$620.2
Annual Growth	17%	19%	23%	12%	6%	8%

*Telemundo consolidation temporarily eliminated the Independent TV category.

**Galavision's move to network status temporarily eliminated the Independent TV category.

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